

## Message Text

LIMITED OFFICIAL USE

PAGE 01 REYKJA 00987 290255Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
ACDA-12 EB-08 OMB-01 TRSE-00 /087 W  
-----012126 292253Z /70

R 281624Z JUL 78  
FM AMEMBASSY REYKJAVIK  
TO SECSTATE WASHDC 8599  
INFO AMEMBASSY COPENHAGEN  
AMEMBASSY OSLO  
COMICEDEFOR KEFLAVIK IC  
USMISSION USNATO  
CINCLANT NORFOLK VA  
CINCEUR VAIHINGEN GE

LIMITED OFFICIAL USE REYKJAVIK 0987

E.O. 11652: N/A  
TAGS: PINT, IC  
SUBJECT: CURRENT THREE-PARTY NEGOTIATIONS MAY BE AT IMPASSE

REF: REYKJAVIK 954 DTG 211722Z JUL 78

1. AFTERNOON OF JULY 28, STATE RADIO QUOTED SOCIAL  
DEMOCRATIC PARTY (SDP) CHAIRMAN BENEDIKT GRONDAL SAYING THAT  
THREE-PARTY NEGOTIATIONS BETWEEN SDP, PROGRESSIVES(PP), AND  
PEOPLE'S ALLIANCE(PA) HAD "FOUNDERED". IT  
WAS NOT CLEAR WHETHER GRONDAL MEANT THAT IT WOULD NOT BE  
POSSIBLE TO CONTINUE NEGOTIATIONS AT ALL OR THAT PARTIES HAD  
ONLY REACHED TEMPORARY STALEMATE. GRONDAL DID NOT ELABORATE,  
BUT REPORT WAS FURTHER INDICATION THAT PROSPECTS FOR  
FORMATION OF GOVERNMENT AMONG THREE PARTIES HAD DIMMED SIGNIFICANTLY.

2. CHANCES OF EARLY SDP-PA-PP GOVERNMENT FADED FEW DAYS AGO  
WHEN SDP DRAFT OF ECONOMIC AGREEMENT WAS MET WITH PA  
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COUNTER DRAFT WHICH DID NOT ADDRESS POINTS OF DIFFERENCES  
BUT MERELY RESTATED PA DEMANDS. AMONG OTHER  
THINGS, PA HAS COME OUT STRONGLY AGAINST DEVALUATION OF  
KRONUR, AND IN FAVOR OF INCREASES IN BUSINESS AND  
INCOME TAXES, LOWERING OF INDIRECT TAXES AND INTEREST,  
AND CONSOLIDATION OF OIL IMPORT OPERATIONS UNDER STATE  
CONTROL. THESE DEMANDS ARE COMPLETELY ANATHEMA TO SDP,

AND WHEN PA SHOWED NO GIVE ON THEM, GRONDAL APPARENTLY  
DECIDED MAKE COMMENT QUOTED ABOVE. HE HAS INDICATED,  
HOWEVER, THAT THERE WILL BE CONSULTATIONS WITHIN PARTY  
GROUPS AFTERNOON JULY 28 AND OVER WEEKEND, BUT IT IS NOT  
KNOWN WHETHER FORMAL INTER-PARTY NEGOTIATIONS WILL BE  
RESUMED NEXT WEEK, IF AT ALL.  
BLAKE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PARTY UNITY, NEGOTIATIONS, PARTY MEETINGS, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978REYKJA00987  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780312-0388  
**Format:** TEL  
**From:** REYKJAVIK  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t1978079/aaaaahjd.tel  
**Line Count:** 69  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 555a827a-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 REYKJAVIK 954  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 04 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2099704  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CURRENT THREE-PARTY NEGOTIATIONS MAY BE AT IMPASSE  
**TAGS:** PINT, IC, PA, SDP, PP  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/555a827a-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014